



DCRBReport

Police Officers' and
Firefighters' Edition

WINTER 2018

CHAIR'S CORNER

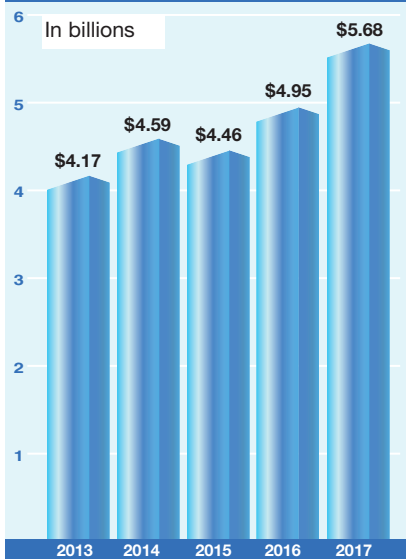
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The mission of DCRB is to prudently invest the assets of the District of Columbia Police Officers and Fire Fighters' Retirement Fund and the District of Columbia Teachers' Retirement Fund for the exclusive benefit of the members of the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan and to provide Plan members with total retirement services.

Market Value of Police Officers and Firefighters' Plan Assets

(As of September 30 of each year)



From the Chair of the Board

At its December 2017 meeting, the Board voted to accept the report on the actuarial valuations of the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan (the Police/Fire Plan or Plan), prepared as of October 1, 2017, for Fiscal Year (FY) 2019. Here are a few statistics from the Police/Fire Plan report that I am pleased to provide and that may be of interest to you:

The market value of the assets in the Plan grew from \$4.9 billion at the end of FY 2016 to \$5.6 billion at the end of FY 2017 (an increase of 14%). Based on the actuarial value of the assets (the ability to pay benefits over the long-term), the Plan was 110.8% funded. This means that the Plan is fully funded and capable of paying your earned benefits over both the short- and the long-term. In addition, as of October 1, 2017, the Plan covered 5,312 active members, 8,191 retired members and survivors, and 340 terminated-vested members who will be entitled to a deferred benefit, for a total of 13,843 members.



Joseph W. Clark

Benefit Statements

As we indicated in prior newsletters, DCRB's Benefits Department conducted a pilot project, in which around 200 active firefighters participated, to solicit feedback prior to distributing estimated benefit statements to all active firefighters. The Benefits Department used that input to improve the contents and format of the statements, which were sent to firefighters in late spring 2017. The Board thanks the active firefighters for their input and participation in the pilot project.

Based on last year's success, the Benefits Department will hold pilot projects with small groups of police officers and teachers this year, and will issue estimated benefit statements for 2018 that will be distributed to all active police officers, firefighters and teachers. We expect that the statements will be mailed to you around mid-year. I am pleased to advise you that from this point forward, benefit statements will be provided to active Plan members annually.

Summary Plan Descriptions

Summary Plan Descriptions (SPDs) containing information effective December 31, 2017, will be distributed to members of both the Police/Fire and Teachers' Plans during April of this year. As in the past, paper copies of the SPDs will be mailed to retirees and survivors. Active members, however, will be provided with a link to an electronic copy, although, they will be advised that they can request a paper copy, if they prefer.

Finally, DCRB staff continue to work on a request-for-proposal for the Pension Information Management System. We will keep you informed in subsequent newsletters about the progress of this important project.

Post-Retirement Health Care Coverage

Federal Rules

Hired Before October 1, 1987

Police officers and firefighters who were hired before October 1, 1987 (Tier 1 members and Tier 2 members hired before October 1, 1987) are eligible for health care coverage under the Federal Employees Health Benefits (FEHB) program and are subject to the Federal Government's rules applicable to that program. For retiree health care coverage, those rules are that the employee must be entitled to retire on an immediate annuity, must be enrolled in an FEHB plan at retirement, and must have been continuously enrolled in an FEHB plan for five years of service immediately before the date their retirement begins. For this coverage, the employer continues to pay 75% of the required premium and the retiree pays 25%.

District Rules

Police officers and firefighters who were hired on or after October 1, 1987 (Tier 2 members hired on or after October 1, 1987, and Tier 3 members), and who retire on or after October 1, 2009, may continue their coverage under the District of Columbia Employees Health Care Benefits (DCEHB) program into retirement, if they meet the following rules:

Tier 2: members must: a) be covered under a DCEHB plan at the time of retirement, b) have been continuously covered by a DCEHB plan for five years prior to their retirement, and c) have at least 5 years of creditable District service. The employer pays 75% of the required premium and the retiree pays for 25%. For survivors, the employer pays 60% and the survivor pays 40% (25% if the member is killed or disabled in the line of duty).



Tier 3: members must: a) be covered under a DCEHB plan at the time of retirement, b) have been continuously covered by a DCEHB plan for five years prior to their retirement, and c) have at least 10 years of creditable District service. For retirees with at least 10 years of service, the employer pays 30% of

the premium and the retiree pays the remaining 70%. The employer's percentage increases by 3% for each additional year of service to a maximum of 75% at 25 years. For survivors, the employer pays 25% if the member had at least 10 years of service, and increases by 3% for each additional year of service, up to a maximum of 40%, where a member had 22 or more years of service. The percentage for the member and survivors is 25% if the member was disabled or killed in the line of duty.

Government Pension Offset

When the Social Security Act (the “Act”) was created in 1935, the majority of spouses did not work outside the home. Consequently, the Act included a spousal benefit for those who depended on a worker’s income for financial support. Over time, it became more prevalent that both spouses were a part of the workforce.

Normally, where both spouses work in covered employment (and both pay Social Security taxes), an individual could be entitled to more than one Social Security benefit at the same time (a benefit based on one's own work and a spousal benefit). However, that person does not receive the full amount of each benefit. In this case, if the spousal benefit is greater than the person's own individual benefit, the spousal benefit is reduced or "offset" by the individual benefit. If, on the other hand, a person earns wages (like at FEMS and MPD) where Social Security taxes are not paid (called uncovered work), they are not eligible for Social Security benefits based on that employment, but they may be eligible for Social Security spousal benefits based on their spouse's work elsewhere.

In 1977, Congress enacted the Government Pension Offset (GPO) provision, which applies exclusively to Social Security's spousal benefits. The reason for this change was that Congress believed that individuals who receive pension benefits from their own noncovered work from a governmental plan would receive a "windfall" if they also received a Social Security spouse's benefit that their government pension did not offset. The intent was to treat government workers the same as those in the private sector who work in jobs that are covered by Social Security. This is reflected in the GPO requirement that the Social Security spouse's benefit be offset when the spouse also receives a government pension based on their own noncovered work.

Who to Contact When You Experience Life Events Changes

If you experience certain life events (e.g., marriage, divorce, separation from service, reemployment, disability, retirement, or a death in your family), your retirement and other benefits may be affected. Consequently, when such events occur, you should contact the appropriate party(ies) to let them know your records should be updated. Who you should contact about these events depends upon your employment status at the time they occur. For example, if you are an active employee and you become divorced, firefighters should contact the District of Columbia Human Resources Office (DCHR) at (202) 442-9700 and police officers should contact the Metropolitan Police Department's Office of Human Resources (MPD-OHR) at (202) 727-4261, to let them know of this event. They will advise you of any changes you should or may wish to make to your records (e.g., updating dependents under your health insurance coverage). If you are retired, on the other hand, such events as marriage, divorce, or the death of a family member should be reported to the DCRB Member Services Center at (202) 343-3272.

It is also important that your family members are made aware of who to call with such information. Again, your status at the time of the event determines who should be contacted. For instance, in the event of your death, if you were an active employee at the time, your family should contact DCHR or MPD-OHR, since those offices maintain your records and are aware of the benefits in which you were enrolled as an active employee. Once you are retired, however, information related to your post-retirement benefits is maintained by DCRB. Consequently, DCRB would



need to be notified of any events that would have an effect on those benefits, and would coordinate with DCHR, MPD-OHR or OPM (if you participated in the federal pension,

health and life insurance benefits) to assure that your survivors and/or beneficiaries are paid appropriately or properly advised of their eligibility to continue coverage.

2018 Cost-of-Living Adjustment

On February 8, 2018, the DC Human Resources Office announced a cost-of-living adjustment (COLA) of 2.1% for District of Columbia Police Officers and Firefighters' Retirement Plan retirees and beneficiaries. This increase, which was effective March 1, 2018, will be included in annuity payments starting April 1, 2018. Members who retired after March 1, 2017 and before March 1, 2018, are entitled to a prorated COLA equal to 1/12th of the increase for each month or partial month (for a maximum of 12 months) for which their annuity was in effect prior to March 1, 2018. Police officers and firefighters who retired before February 15, 1980, are under equalization rather than COLAs, and receive annuity adjustments based on pay increases granted to active members.

Active Police Officer Election

This is to alert you that the term of the Active Police Officer representative on the Board will end on January 27, 2019, and, therefore, an election to fill that seat will commence in late summer of this year. The process generally begins with the mailing of a Statement of Candidacy form to all eligible voters in early September and ends in December with the Board's certification of the winning candidate. We will provide you with an update with more details on our website and in our fall newsletter.



DC Retirement Board

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Inside this DCRB Report 2018 COLA, Government Pension Offset Information, Active Police Officer Election, and more

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Questions You Asked

DCRB frequently receives calls requesting information regarding the continuation of membership in the Plan when a police officer or firefighter retires and is later rehired by MPD, FEMS, or another District agency. The answer to that question is as follows:

If you are reemployed by another District agency, you will continue to receive your retirement benefit, just as before, but your salary in the new position is reduced (offset) by the amount of your retirement benefit.

The salary offset also applies if you return to work at MPD or FEMS. In addition, you cannot participate in the Plan again, and, therefore, you will not receive any additional service credit toward your retirement benefit. However, if you are a police officer who retired under optional or deferred retirement, your new salary will not be reduced if you are hired as a fully sworn temporary, full-time or part-time police officer with MPD or as a temporary, full-time, or part-time employee of the Department of Forensic Sciences, or as a public school security employee.



Useful

Contacts



DCRB Member Services
(202) 343-3272
Toll Free (866) 456-3272
dcrb.benefits@dc.gov

DC Department of Human
Resources (202) 442-9700

Metropolitan Police Department
Human Resources Office
(202) 727-4261

Department of Fire and Emergency
Medical Services Human
Resources Office (202) 673-7580

Police and Fire Retirement and
Relief Board (202) 442-9622

Office of Personnel Management
(202) 606-1800
Toll Free (724) 794-2005*
<https://www.opm.gov>

Social Security Administration
(800) 772-1213
<https://www.ssa.gov>

*for health and life insurance only

TRUSTEES

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Mayoral Appointee

Lyle M. Blanchard
*Treasurer
Council Appointee*

Joseph M. Bress
Council Appointee

Joseph W. Clark
*Chair
Mayoral Appointee*

Mary A. Collins
*Elected Retired
Teacher*

Gary W. Hankins
*Vice Chair/Secretary
Elected Retired
Police Officer*

Darrick O. Ross
*Elected Active
Police Officer*

Nathan A. Saunders
*Elected Active
Teacher*

Edward C. Smith
*Elected Active
Firefighter*

Thomas N. Tippet
*Elected Retired
Firefighter*

Michael J. Warren
Council Appointee

Lenda P. Washington
Mayoral Appointee

Jeffrey A. Barnette
*Ex Officio,
Non-Voting*

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